

# **EXHIBIT 2486**

**to the Declaration of  
Lisa J. Cisneros in Support of  
Plaintiffs' Opposition Briefs**

**REDACTED VERSION**

**Part 1 of 3**

## EXHIBIT 14

## FILED UNDER SEAL



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13 Adobe Systems Inc.

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE  
ANTITRUST LITIGATION

THIS DOCUMENT RELATES TO:  
ALL ACTIONS

Master Docket No. 11-CV-2509-LHK

DECLARATION OF DONNA  
MORRIS OF ADOBE SYSTEMS INC.  
IN SUPPORT OF DEFENDANTS'  
OPPOSITION TO PLAINTIFFS'  
MOTION FOR CLASS  
CERTIFICATION

Date Consolidated Amended Compl. Filed:  
September 13, 2011

ATTORNEYS EYES ONLY

1 I, Donna Morris, declare as follows:

2 1. I am the Senior Vice President (“SVP”) of Global Human Resources at Adobe  
 3 Systems Inc. (“Adobe”). I have been employed by Adobe in the human resources (“HR”)  
 4 department for more than 10 years. I began working for Adobe in April 2002 as the Senior  
 5 Director of Global Talent. In December 2005, I became the Vice President of Global Human  
 6 Resource Operations. In March 2007, I was promoted to my current position.

7 2. I have personal knowledge of the matters stated in this declaration. I make the  
 8 statements in this declaration based on information gained during my current and former positions  
 9 within Adobe’s HR department. I have been responsible for all HR operations, including the  
 10 compensation, benefits, and recruiting teams since March 2007. As part of my duties, I have  
 11 gained historical knowledge of Adobe’s compensation practices before 2007 by reviewing  
 12 Adobe’s past training and presentation materials and by participating in meetings and discussions  
 13 with other Adobe employees. The compensation policies and practices described herein apply to  
 14 Adobe’s salaried employees between January 1, 2005 and December 31, 2009 (the “Class  
 15 Period”).

16 3. The information in this declaration and the exhibits attached are confidential to  
 17 Adobe. It is Adobe’s practice to keep compensation policies and strategies confidential, for  
 18 internal use only, and not to disclose them to the public. The public disclosure of this information  
 19 would harm Adobe, including potentially impairing its competitive position in recruiting, hiring,  
 20 and compensating employees. Adobe derives independent economic value from keeping this  
 21 information confidential. Adobe has designated the information Attorneys Eyes Only under the  
 22 Protective Order entered in this case.

23 4. During the Class Period, Adobe employed thousands of employees in more than  
 24 400 job categories, including executives, human resource managers, compensation analysts,  
 25 benefits managers, payroll managers, recruiters, attorneys, accountants, sales managers, product  
 26 managers, various types of software developers, quality assurance analysts, IT employees,  
 27 creative designers, web developers, facility managers, market research analysts, financial  
 28 analysts, business analysts, internal auditors, and various other jobs. [REDACTED]

1

[REDACTED]

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[REDACTED]

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[REDACTED]

5

**I. ADOBE'S COMPENSATION GENERALLY**

6

[REDACTED]

[REDACTED]

7

[REDACTED]

8

[REDACTED]

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[REDACTED]

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[REDACTED]

11

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

25

[REDACTED]

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[REDACTED]

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[REDACTED]

■ [REDACTED] As examples, attached hereto as Exhibits 1 through 5 are true  
6 and correct copies of internal Adobe manager training presentations during the Class Period  
7 discussing Adobe's compensation policy:

8 a. Exhibit 1 (ADOBE\_015864), Adobe 2005 Performance, Salary & Stock  
9 Focal, February 2005 – “We fairly and regularly assess performance results and differentiate  
10 rewards based on performance”;

11 b. Exhibit 2 (ADOBE\_023747), 2007 Mini Performance Focal Manager  
12 Training, November & December 2006 – [REDACTED]

15 c. Exhibit 3 (ADOBE\_015059) FY '07 Incentive Program Updates, February  
16 15, 2007 – “differentiate rewards based on performance”;

17 d. Exhibit 4 (ADOBE\_009668) HR All Hands, September 11, 2008 –  
18 “Developing total reward programs that are differentiated based on performance”; “increasing  
19 focus on differentiation of rewards based on performance”; and

20 e. Exhibit 5 (ADOBE\_009295) HR Strategic Plan 2010 – 2013, “Continue to  
21 evolve culture towards pay for performance.”

## II. HOW ADOBE SETS COMPENSATION FOR EXISTING EMPLOYEES

23        9.      Because of Adobe's strong emphasis on tying compensation to performance and  
24 differentiating compensation across employees, each employee's compensation was determined  
25 by that employee's manager who is in the best position to assess that employee's performance.

#### A. BASE SALARY

## 1. Performance Evaluations

ATTORNEYS EYES ONLY

Morris Declaration  
Master Docket No. 11-CV-2509-LHK

A page with 20 horizontal black bars of varying lengths. The bars are evenly spaced and extend across the width of the page. The lengths of the bars decrease from top to bottom. There are two small black squares located near the bottom of the page, one on the left and one on the right, positioned between the 18th and 19th bars.

ATTORNEYS EYES ONLY

A horizontal bar chart consisting of 20 bars. The bars are black and of varying lengths, decreasing from left to right. The lengths of the bars are approximately: 100%, 95%, 98%, 92%, 99%, 97%, 94%, 96%, 93%, 98%, 91%, 90%, 96%, 92%, 94%, 97%, 99%, 95%, 98%, 96%, 94%. There are two small black squares located on the 13th bar from the left.

**ATTORNEYS EYES ONLY**

- 5 -

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Morris Declaration  
Master Docket No. 11-CV-2509-LHK



### 1 | 3. Budget

2        22. Each year, Adobe determined a budget for managers to use for merit-based salary  
3 increases and promotions. The budget has varied over the years; for example, it was 5% for 2005  
4 and 5.5% for 2008. See, for example, Exhibit 1, which is a true and correct copy of the 2005  
5 Focal Review (ADOBE 015864). [REDACTED]

## 9 B. BONUS AND EQUITY

## C. TIMING OF ANNUAL COMPENSATION ADJUSTMENTS

28 27. Generally, adjustments to employee compensation occurred during the focal

1 period described above. Prior to 2007, the annual base salary, bonus, and equity grant  
2 adjustments became effective June 1<sup>st</sup>. In 2007, Adobe shifted its model to align the review  
3 period with the end of the fiscal year, making the annual salary, bonus, and equity grant  
4 adjustments effective on February 1<sup>st</sup>.

A bar chart illustrating the number of publications per year from 1990 to 2010. The y-axis represents the year, and the x-axis represents the number of publications. The chart shows a general upward trend with significant fluctuations, particularly a peak around 2000 and a decline towards 2010.

Year	Number of Publications
1990	5
1991	10
1992	15
1993	20
1994	25
1995	30
1996	35
1997	40
1998	45
1999	50
2000	55
2001	50
2002	45
2003	40
2004	35
2005	30
2006	25
2007	20
2008	15
2009	10
2010	5

ATTORNEYS EYES ONLY

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III. NEW HIRE COMPENSATION

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24

IV. INTERNAL EQUITY

25

ATTORNEYS EYES ONLY

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6 **MERGERS AND ACQUISITIONS**

7 35. In December of 2005, Adobe acquired San Francisco-based Macromedia, a  
8 leading software solutions company. The acquisition added approximately 1,200 employees to  
9 Adobe's headcount. The new employees had to be integrated into our company. [REDACTED]

12 36. After Macromedia, Adobe continued to make acquisitions, including the  
13 acquisition of Navisware in 2005; TTF, Pixmantec, Interakt, Amicima, Serious Magic, and  
14 Antepo in 2006; Scene7 and Virtual Ubiquity in 2007; Meer Meer and Yawah in 2008; and  
15 Business Catalyst and Omniture in 2009. The most significant of these acquisitions was the  
16 acquisition of Omniture, which added approximately 1,100 employees. [REDACTED]

19

20 I declare under penalty of perjury under the laws of the United States that the foregoing is  
21 true and correct. Executed this 9th day of November 2012 in San Jose, California.

22

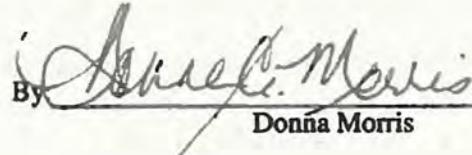
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27

28

By   
Donna Morris

ATTORNEYS EYES ONLY

# EXHIBIT 1

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DOCUMENT

PLACEHOLDER

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ADOBE\_015864  
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**Adobe®2005 Performance,  
Salary & Stock Focal**

**Theresa Townsley  
Donna Morris  
Ellen Swarthout**

**February 2005**

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## Agenda

- High-level Timeline
- Talent Review Process
- Focal Training Overview
- Global Market Analysis

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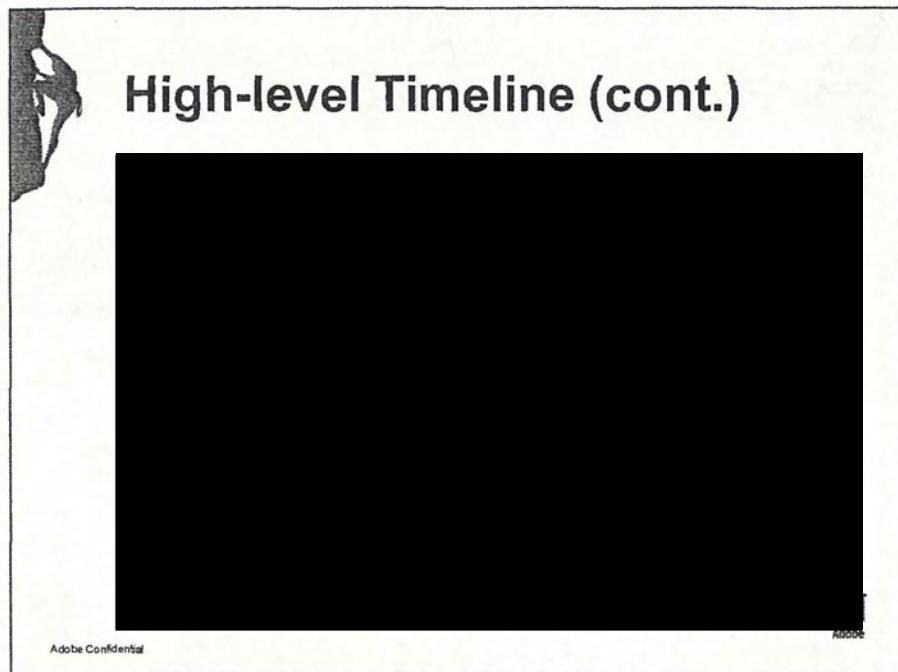
## High-level Timeline

- Feb. 21: All managers receive email to kick-off the Performance, Salary & Stock Focal process
- Mar. 14 – 30: To learn about the Focal process, all new managers and new employees attend general sessions, other managers and employees reviewing online resources
- Mar. - June: Managers can attend a training session to learn how to have a more effective performance discussion

[REDACTED]

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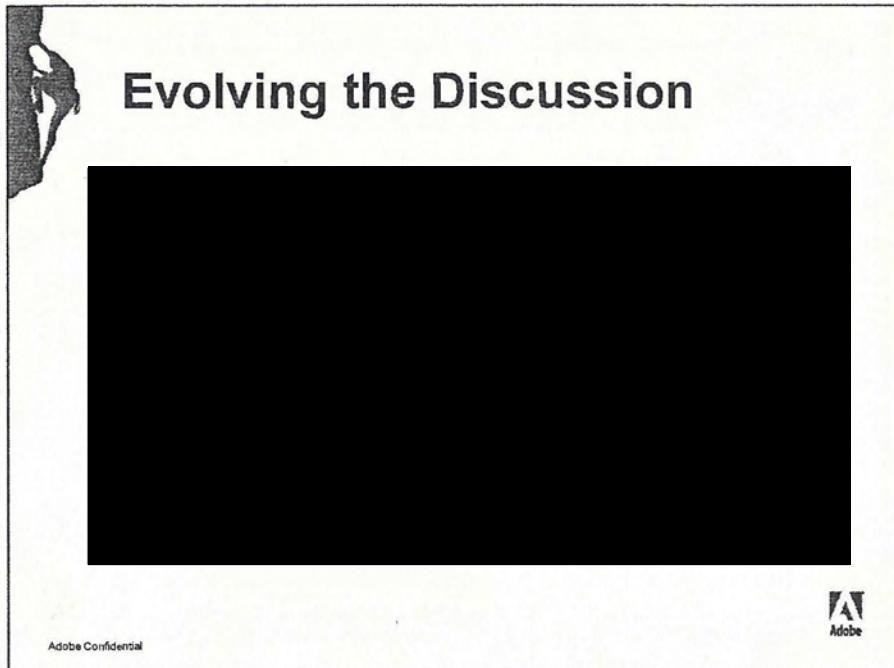
24 84. 18

**Adobe Talent Review**  
*Integrating with Strategy  
and Operations*

**Donna Morris**  
Senior Director, Talent

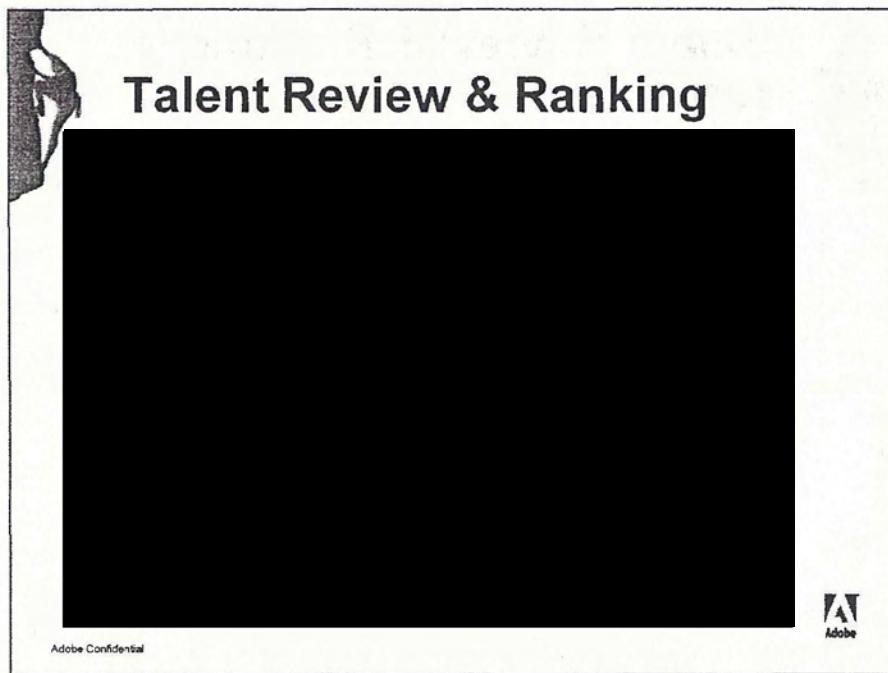


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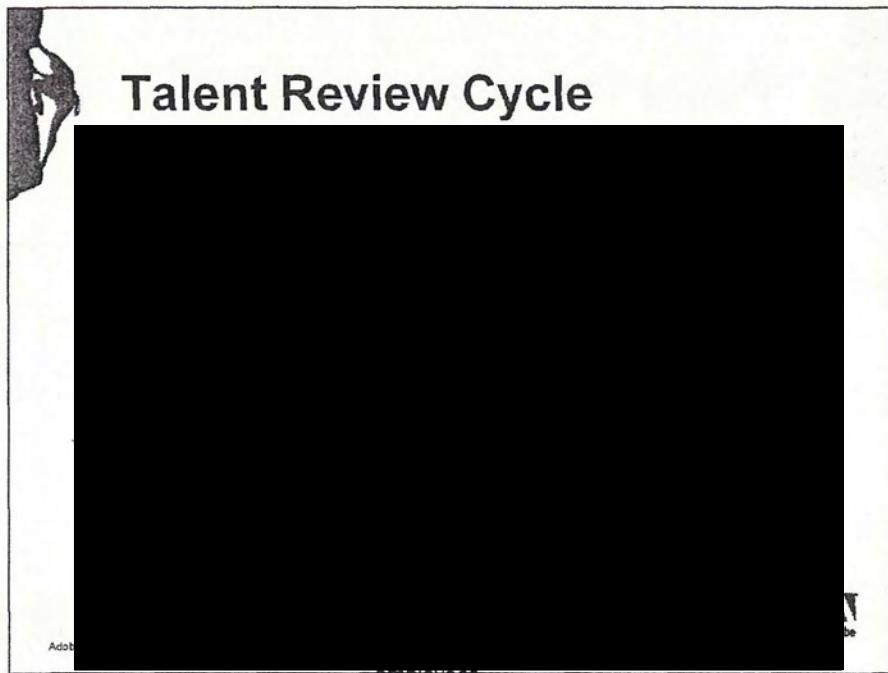
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24 Aug. 21



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## Focal Training Overview

- Based on feedback from 2004, the focus of training will shift from “process” to “delivering effective performance feedback”
- Focal “Process” information will be available online and a few in-person sessions for new managers
- Performance feedback training will be held from March through June, and then ongoing
- KTB (Knowing the Business) session on Compensation in late April

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# Global Market Analysis

**Ellen Swarthout**  
Director, WW Compensation

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## Compensation Philosophy

- To ensure we can attract and retain talented and motivated employees throughout the world partnering in our success, we provide competitive “Total Compensation” programs as appropriate to each country in which we do business.

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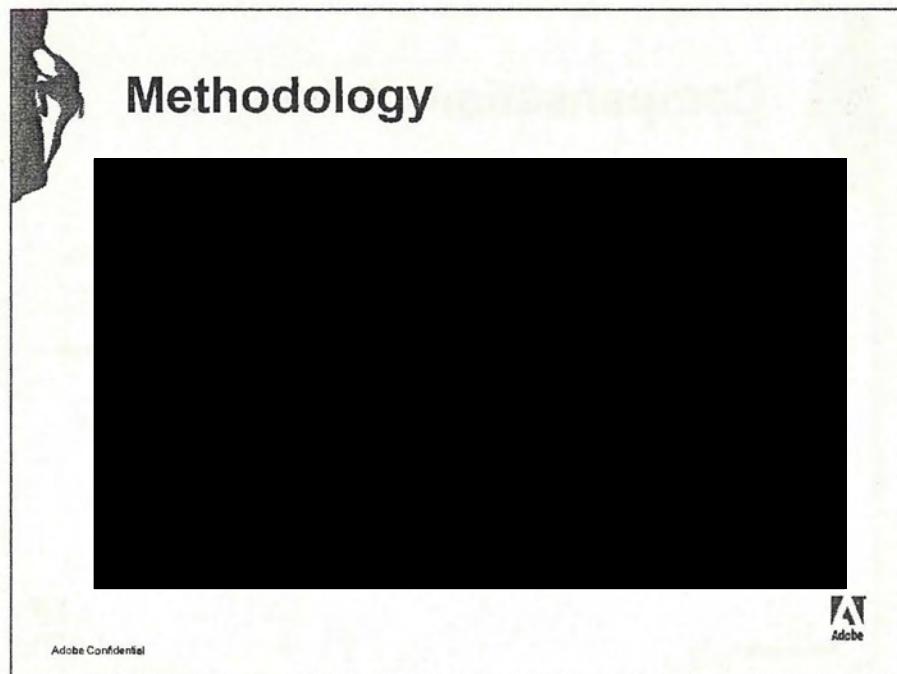


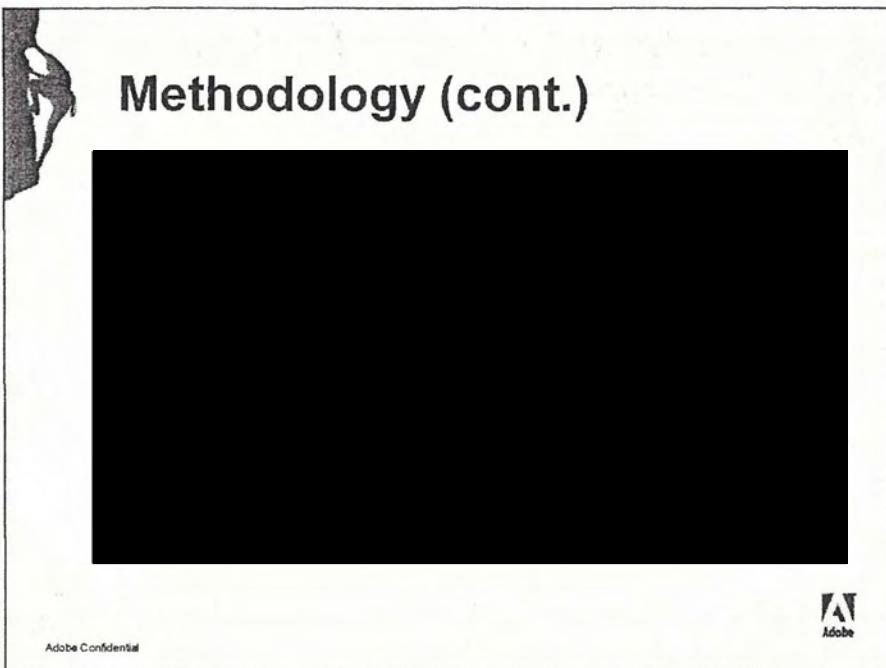
## Compensation Philosophy

- **We are committed to the following principles:**
  - We share our success with our employees.
  - We offer competitive total compensation based upon practices for our industry and local markets in which we compete, while preserving Adobe's financial strength.
  - We provide a work environment including the tools, training and relevant information that supports a high level of personal and organizational productivity.
  - We work together as individuals, managers and teams to define goals, and hold ourselves accountable for objectives we set.
  - We fairly and regularly assess performance results and differentiate rewards based on performance.
  - We recognize and reward results and contributions tied to the success of the company and in support of company values.
  - We offer competitive benefits geared toward individual needs, flexibility, competitive environment, and cost effectiveness.
  - We offer or participate in programs, which allow employees to effectively plan for and manage their financial futures.
  - We communicate the goals, features and value of our programs.

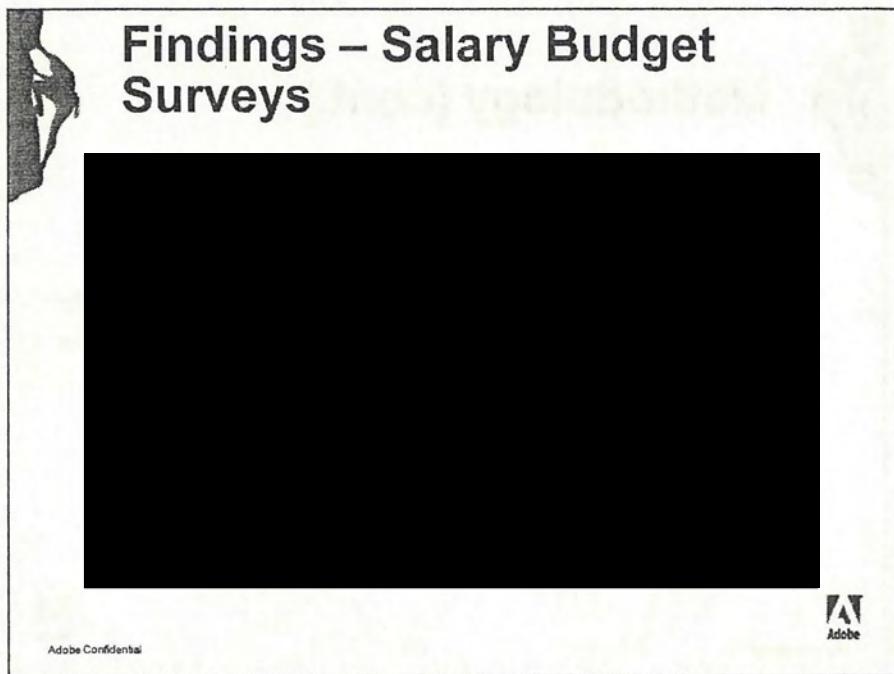
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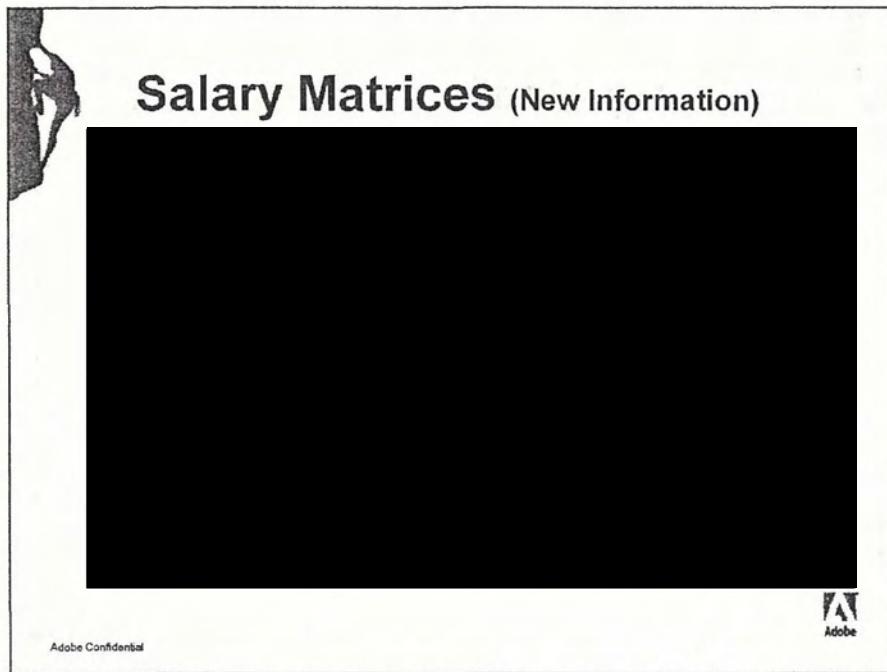
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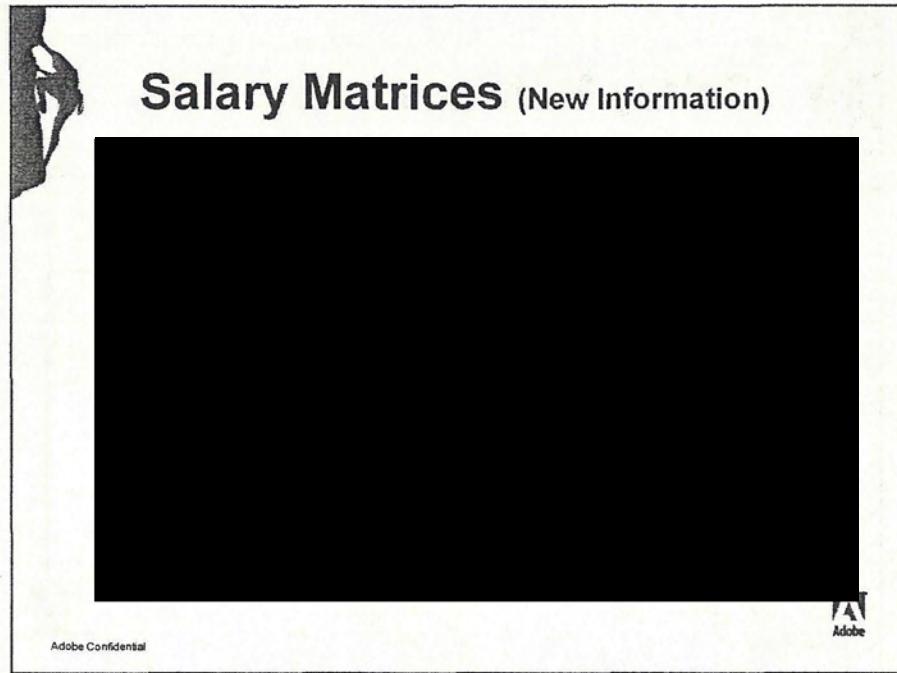
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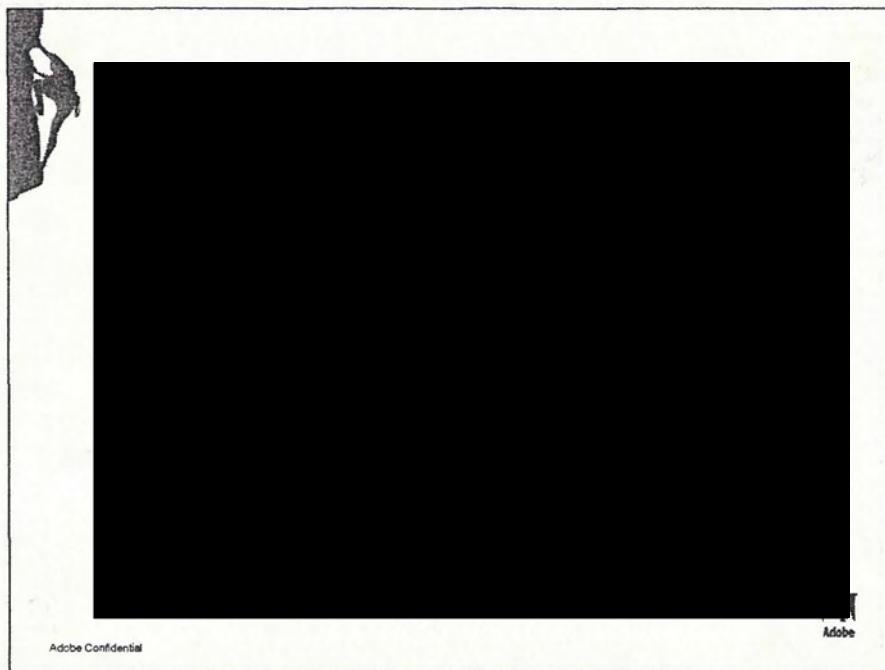


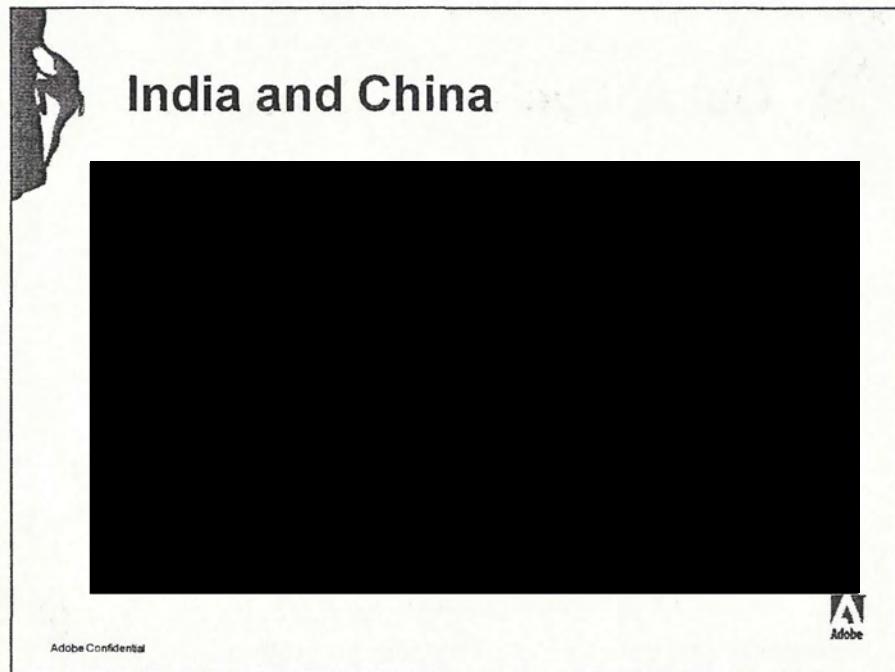


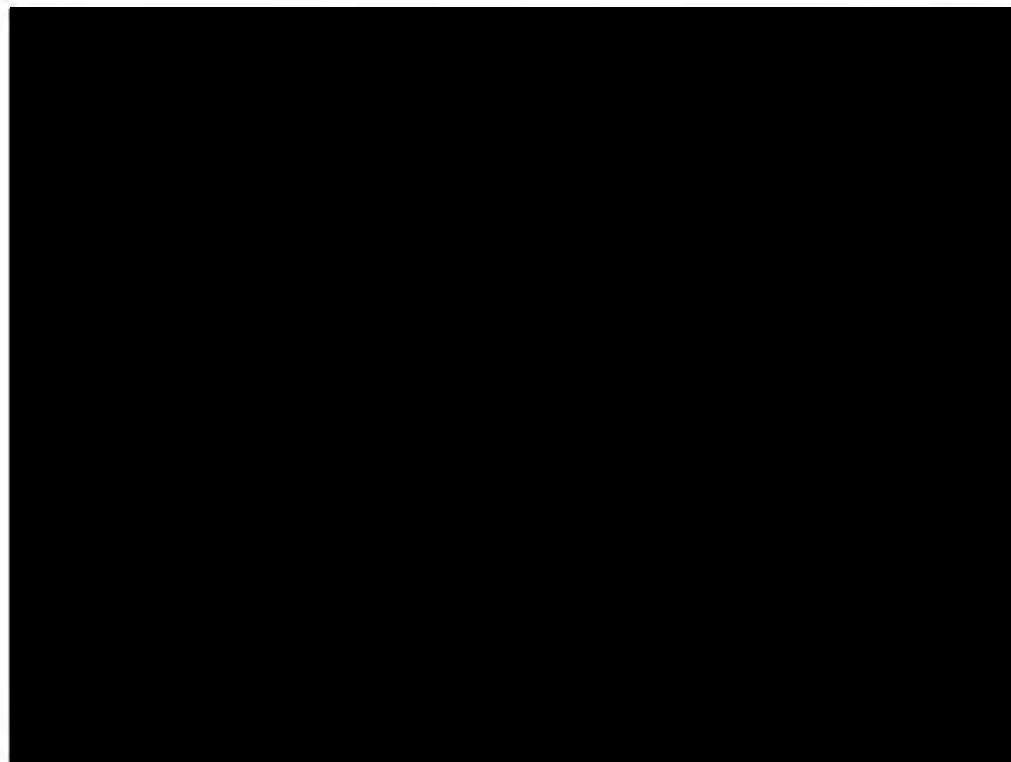
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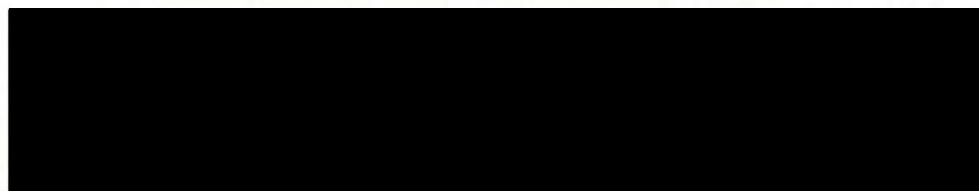
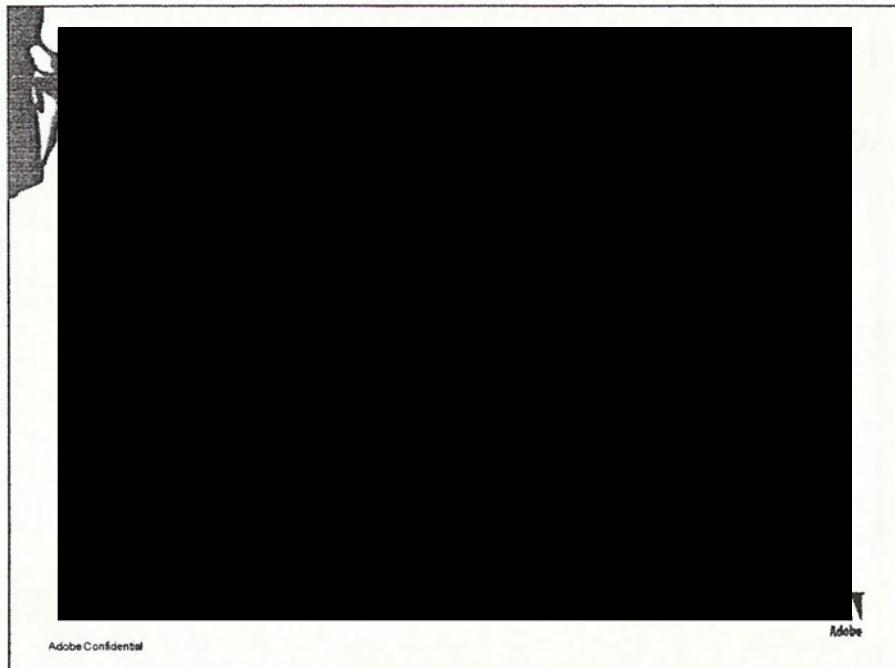


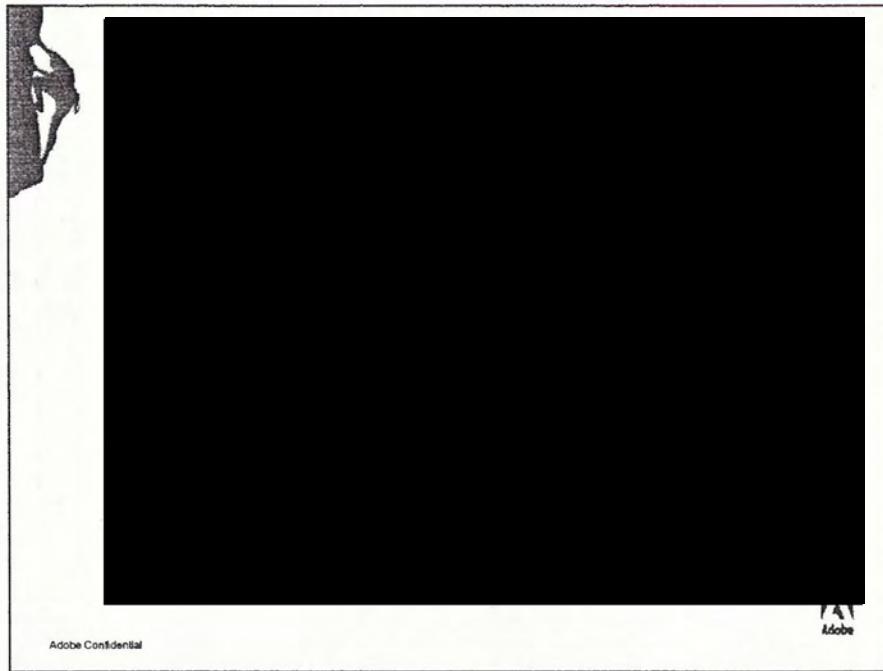






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# Rise to the Challenge

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# EXHIBIT 2

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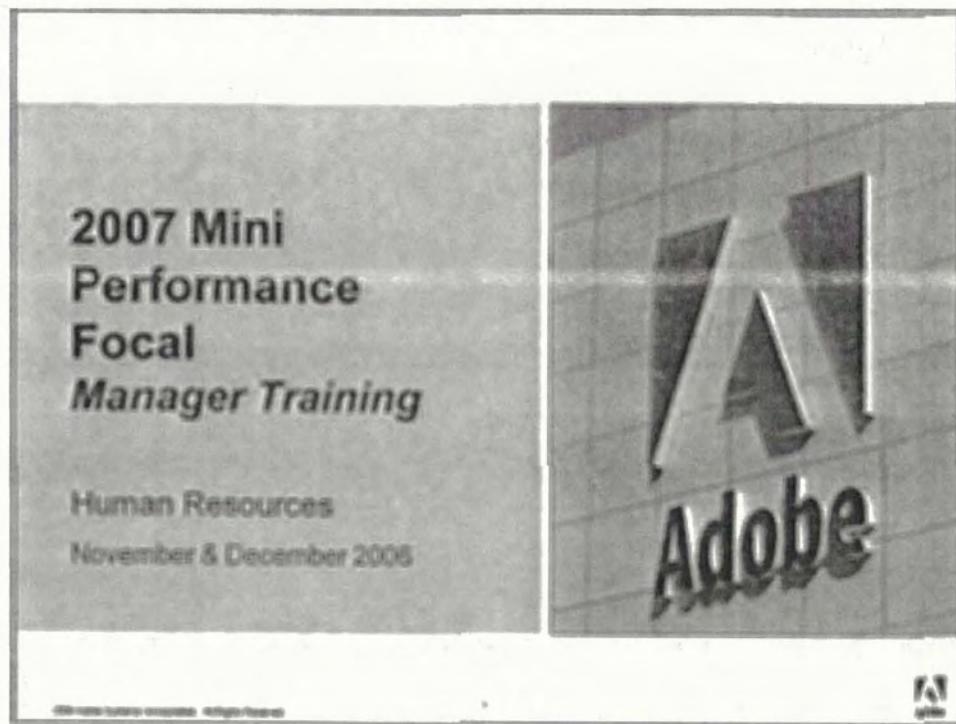
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- Introduce yourself and any other presenters with you.

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## Agenda

1. Key Underlying Philosophies
2. Roles and Responsibilities
3. The Basics
4. Core Components
5. Timeline of Key Steps
6. Resources
7. Q&A

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## Performance Management Philosophy



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**It's simply better at Adobe**

Great People	Dynamic Environment	Winning Company
		
<ul style="list-style-type: none"><li>Adobe attracts and retains talented, highly motivated individuals</li></ul>	<ul style="list-style-type: none"><li>Adobe cultivates an energizing environment that instills a sense of pride and winning spirit</li></ul>	<ul style="list-style-type: none"><li>Adobe inspires employees to contribute at peak performance and share in the success of this winning company</li></ul>
<b>Performance Management for a high-performing company</b>		

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**4**



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## Compensation Philosophy and Guiding Principles

- **Philosophy**

- To ensure we can attract and retain talented and motivated employees throughout the world partnering in our success, we provide competitive "Total Compensation" programs as appropriate to each country in which we do business.

- **Guiding Principles**

- We share our success with our employees.
  - We offer competitive total compensation based upon practices for our industry and local markets in which we compete, while preserving Adobe's financial strength.
  - We provide a work environment including the tools, training and relevant information that supports a high level of personal and organizational productivity.
  - We work together as individuals, managers and teams to define goals, and hold ourselves accountable for objectives we set.
  - We fairly and regularly assess performance results and differentiate rewards based on performance.
  - We recognize and reward results and contributions tied to the success of the company and in support of company values.
  - We offer competitive benefits geared toward individual needs, flexibility, competitive environment, and cost effectiveness.
  - We offer or participate in programs, which allow employees to effectively plan for and manage their financial futures.
  - We communicate the goals, features and value of our programs.

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## Roles and Responsibilities



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- **Describe who the members are on the CTeam (Bruce and his direct reports) and MTeam (CTeam plus some of Shantanu and the SVP of Sales' direct reports)**

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## Significant Changes for 2007

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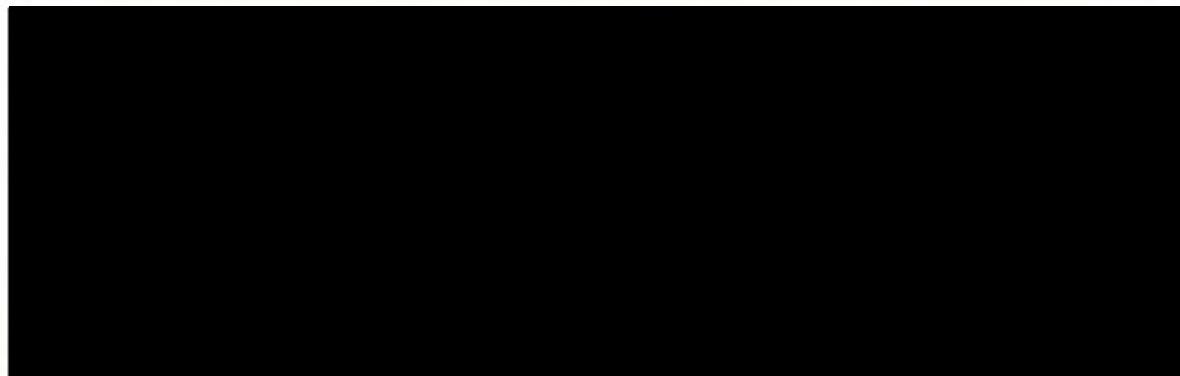


- The significant changes for 2007 all contribute to the streamlining of the process this year. Hence, the "mini" Focal process.
- If you are a new manager we will go into more detail on ranking later in the presentation

**The Basics**

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## Core Components



- Performance Evaluation
- Ranking Process
  - Matrix
- Salary Focal Budget
  - Methodology
  - Budgets by Country
- Salary Increase Matrices
- Salary Focal Tool
- Updated Performance Appraisal
- Performance & Salary Discussion

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**Core Component: Performance Evaluation**



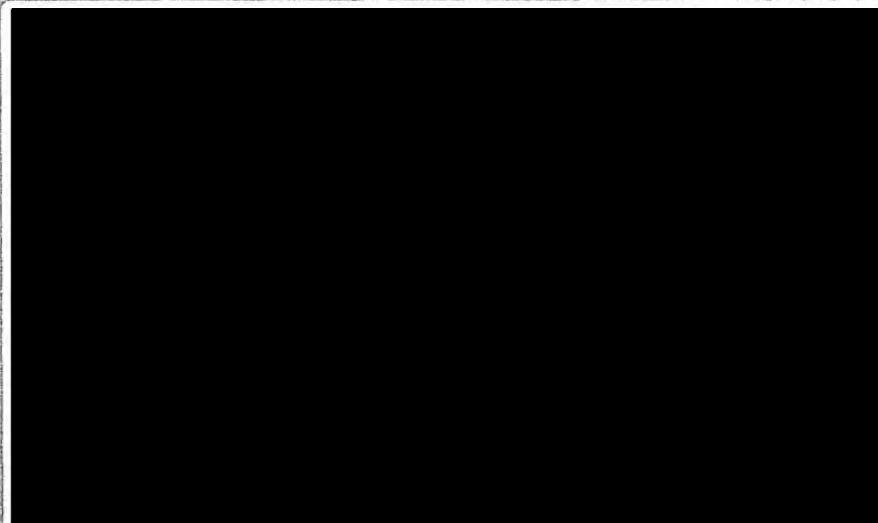
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**Core Component: Ranking Process**

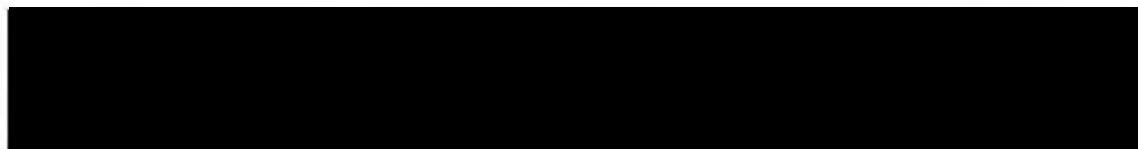


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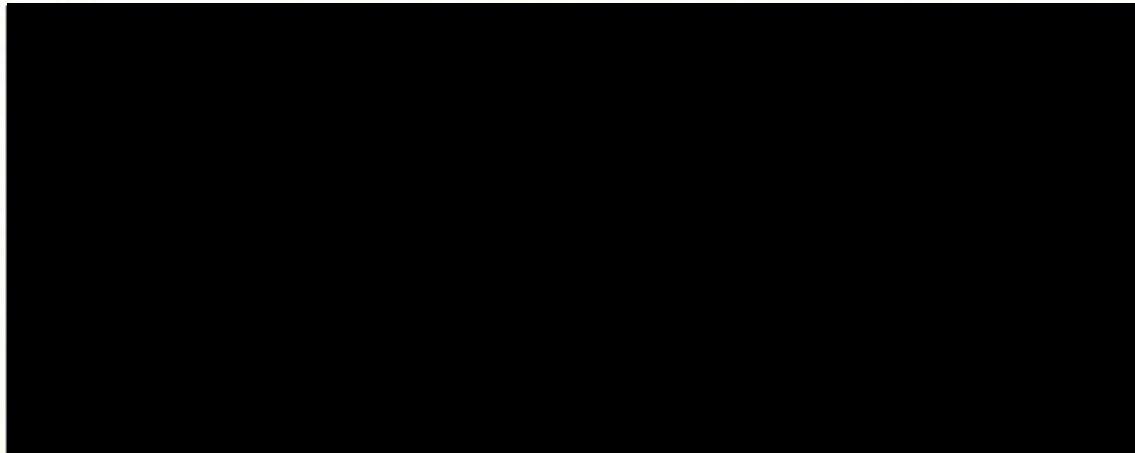
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Core Component: Ranking Matrix

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## Core Component: Salary Focal Budget Methodology

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- We'll be walking through the methodology to create the Salary Focal Budget, and then I'll share the budget for this year.

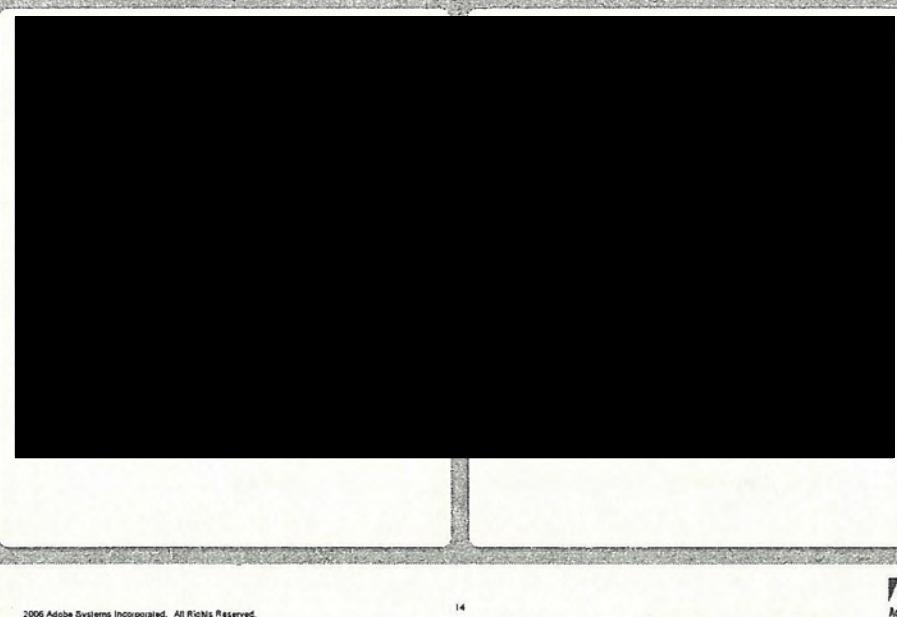


2008

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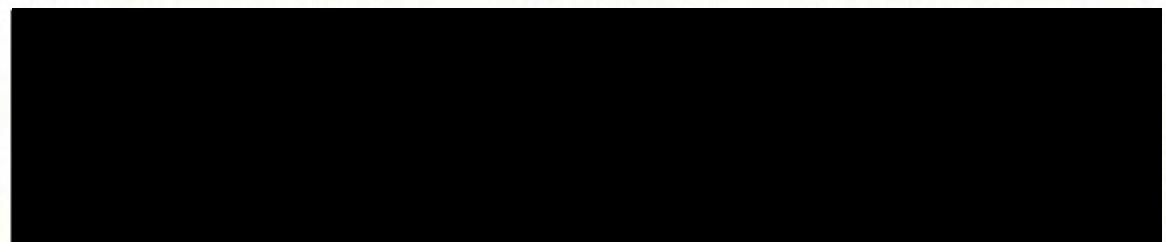
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**Core Component: Salary Focal Budget Methodology (cont.)**



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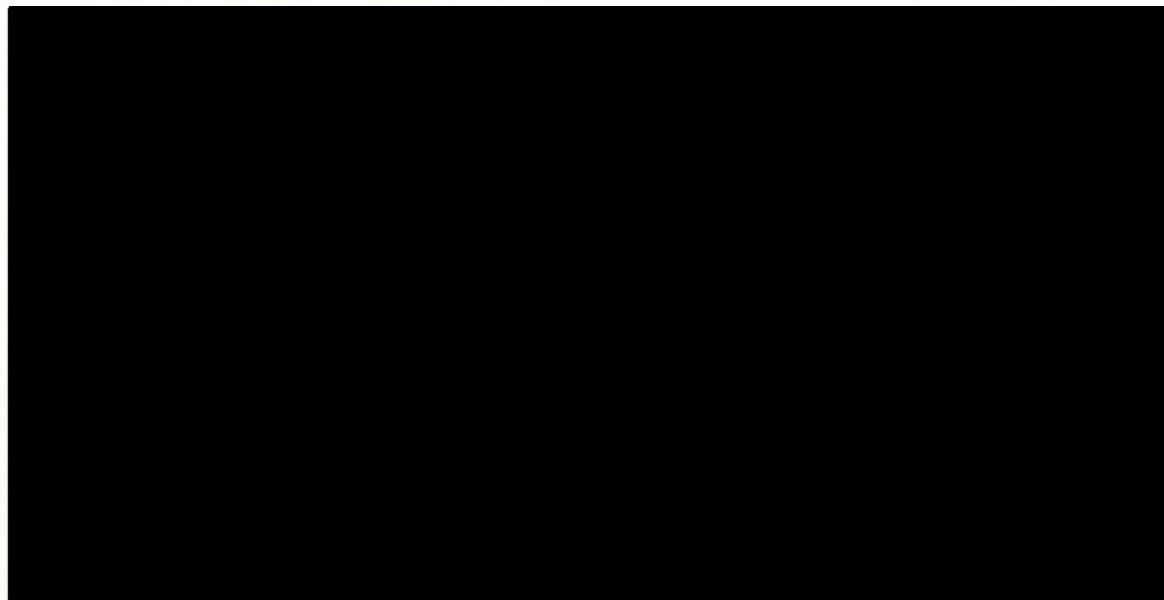
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**Core Component: Salary Focal Budget**

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